



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street
San Francisco, CA 94105-3901

SFUND RECORDS CTR

2287689

**CERTIFIED MAIL NO. Z 695 244 519
RETURN RECEIPT REQUESTED**

November 23, 1999

J. H. Mitchell and Sons Distributors, Inc.
P.O. Box 446
Baldwin Park, CA 91706
Attention: Mr. Sherman or Arnold Mitchell

Re: DEMAND FOR PAYMENT OF COSTS

Baldwin Park Operable Unit
San Gabriel Valley Superfund Sites, Areas 1-4

Dear Mr. Mitchell:

Pursuant to authority contained in § 104 of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), as amended, 42 U.S.C. § 9604, the United States Environmental Protection Agency ("EPA") has determined that there has been a release or substantial threat of release of hazardous substances from the Baldwin Park Operable Unit of the San Gabriel Valley Superfund Sites, in Los Angeles County, California.

EPA has undertaken response actions pursuant to § 104 of CERCLA, 42 U.S.C. § 9604, to address soil and groundwater contamination located in the cities of Azusa, Irwindale, Baldwin Park, and West Covina. The groundwater in this area is contaminated with trichloroethylene (TCE), perchloroethylene (PCE), ethylene dichloride (1,2-DCA), carbon tetrachloride, 1,4-dioxane, dichlorobenzene, perchlorate, N-nitrosodimethylamine (NDMA), and other chemicals. This multi-city area is referred to as the Baldwin Park Operable Unit and the San Gabriel Valley Area 2 Superfund Site. EPA's activities at or related to the Baldwin Park Operable Unit have included, but are not limited to, the following:

- Remedial investigations, and oversight of investigations, into the extent of soil and groundwater contamination in proximity to and downgradient of facilities where the chemicals found in the groundwater may have been used;

- Development of the Baldwin Park Operable Unit Feasibility Study, Proposed Plan, Record of Decision, and Explanation of Significant Differences ("ESD") to address the groundwater contamination. The Record of Decision was signed in March 1994; the ESD was issued in May 1999;
- Oversight of "pre-design" activities carried out by the Baldwin Park Operable Unit Steering Committee from 1995 to 1999; and
- Identification of and negotiations with potentially responsible parties ("PRPs") regarding implementation of the groundwater remedy.

EPA and the U.S. Department of Justice (the "Government") have incurred response costs in connection with the above activities, and similar activities, at the Baldwin Park Operable Unit. EPA also has incurred the costs of response activities taken in the San Gabriel Valley as a whole--costs incurred in connection with all of the operable units. In an effort to encourage settlement, EPA has allocated only a portion of these costs to the Baldwin Park Operable Unit.

Under Sections 106(a) and 107(a) of CERCLA, 42 U.S.C. § 9606(a) and § 9607(a), PRPs may be held liable for all costs incurred by the Government (including interest) in responding to any release or threatened release of hazardous substances at the Baldwin Park Operable Unit. Such costs include, but are not limited to, expenditures for investigation, planning, response, enforcement activities, oversight of response actions that are performed by parties other than EPA or its contractors, and operation and maintenance of monitoring systems.

Under CERCLA § 107(a), 42 U.S.C. § 9607(a), PRPs include current and former owners or operators of a facility, persons who arranged for treatment and/or disposal of hazardous substances at the facility ("generators"), and persons who accepted hazardous substances for transport and selected the site or facility to which the hazardous substances were delivered. As you have been previously informed, EPA has listed J. H. Mitchell and Sons Distributors, Inc. as a PRP with respect to the Baldwin Park Operable Unit.

The Government has incurred at least \$ 22,135,851.65 in costs for response actions related to the Baldwin Park Operable Unit as of May 31, 1999. The \$ 22,135,851.65 includes \$ 8,472,792.28 in costs incurred exclusively at the Baldwin Park Operable Unit and a \$ 13,663,059.37 share of the San Gabriel Valley basinwide costs. The basinwide costs, as mentioned above, are costs incurred in the San Gabriel Valley that benefitted all of the operable units. This statement of expenditures is preliminary, and does not limit EPA from providing a revised figure if additional costs are identified or incurred.

Pursuant to Section 107(a) of CERCLA, demand is hereby made for payment of the above amount plus any and all interest recoverable under § 107 or any other provisions of law. EPA anticipates that additional funds will be expended on the Baldwin Park Operable Unit. Whether EPA funds the entire response action or simply incurs costs by overseeing the parties conducting the response activities, J. H. Mitchell and Sons Distributors, Inc. is potentially liable for the expenditures plus interest.

We recognize that several PRPs may not be able to pay the full amount of the costs for which they are responsible. We will take these PRPs' ability to pay into consideration in negotiating any settlement. To date, five PRPs for the Baldwin Park Operable Unit have submitted information to EPA indicating that they may have a limited ability to pay. They are: Azusa Pipe and Tube Bending; John Ciauri; J.H. Mitchell & Sons Distributors, Inc.; Rubber Urethanes, Inc.; and Screwmatic, Inc. We remain willing to evaluate other claims of inability to pay.

In accordance with CERCLA, § 107(a), 42 U.S.C § 9607(a), if payment is not received within sixty five (65) calendar days of the date of this notice, interest on past costs incurred shall accrue from the date of this demand for payment while interest on future costs shall accrue from the date of expenditure. Interest rates are variable. The rate applicable on any unpaid amounts for any fiscal year is the same as is specified for interest on investments of the Hazardous Substance Superfund which is determined by the Department of the Treasury.

EPA would like to extend to you the opportunity to settle this matter before litigation, to save both your company and the federal government the burden and expense of litigation. EPA has already received a good faith offer regarding performance of the remedy and payment of past costs from the following PRPs: Aerojet-General Corporation; Azusa Gas Systems (formerly Azusa Land Reclamation, Inc.); Fairchild Holding Corp.; Hartwell Corporation; Huffy Corporation; J.H. Mitchell & Sons Distributors, Inc.; Oil & Solvent Process Company; Screwmatic, Inc.; Reichhold Chemicals, Inc.; White & White Properties (including Whico Machine, Inc. and other related persons and entities); and Wynn Oil Company. EPA is currently negotiating with these PRPs in an effort to reach a settlement. EPA encourages those PRPs who have not joined the good faith offer to meet with the offering parties to attempt to negotiate an allocation of responsibility.

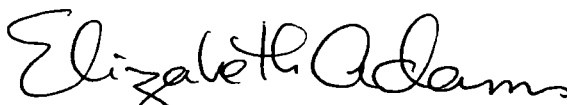
If EPA is unable to negotiate a settlement with you, EPA may pursue civil litigation against you, pursuant to CERCLA §§ 106(a) and 107(a), 42 U.S.C. §§ 9606(a) and 9607(a).

For your information, we have enclosed a list of parties to whom we are sending this letter. If you have any questions regarding your liability, please contact Lewis Maldonado, of EPA's Office of Regional Counsel, at (415) 744-1342, or Robert Klotz, of the U. S.

Department of Justice, at (415) 744-6490. Please direct any technical questions you may have to Wayne Praskins, EPA's Project Manager, at (415) 744-2256.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Adams". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Elizabeth Adams, Chief
Southern California Cleanup Section
Superfund Division

Enclosure

cc: R. Christopher Locke, Landels, Ripley, & Diamond
Robert R. Klotz, U.S. Department of Justice
Ann Rushton, California Attorney General's Office
Jacalyn Spizman, DTSC

**PARTIES RECEIVING EPA DEMAND LETTER FOR PAYMENT OF COSTS
BALDWIN PARK OPERABLE UNIT**

November 23, 1999

[In alphabetical order]

Aerojet-General Corporation
Allegiance Healthcare Corporation (formerly Baxter Healthcare)
Azusa Pipe and Tube Bending
BFI/Azusa Gas Systems (formerly Azusa Land Reclamation)
Fairchild Industries
Hartwell Corporation
Huffy Corporation
J. H. Mitchell and Sons Distributors, Inc.
John T. Ciauri
Lockheed Martin Corporation
Mobil Oil Corporation
Phaoston Instruments & Electronic Company
Philip Morris, Inc.
Reichhold Chemicals, Inc.
Rubber/Urethanes Inc.
Screwmatic Inc.
Valspar Corporation
Waste Management, Inc./OSCO
White and White Properties
Wynn Oil Company